

No. 98-531

Supreme Court, U.S.  
FILED

MAR 22 1999

OFFICE OF THE CLERK

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1998

FLORIDA PREPAID POSTSECONDARY  
EDUCATION EXPENSE BOARD,

*Petitioner,*

vs.

COLLEGE SAVINGS BANK and  
UNITED STATES OF AMERICA,

*Respondents.*

*On Writ of Certiorari to the  
United States Court of Appeals for the Federal Circuit*

**BRIEF OF *AMICUS CURIAE* THE ASSOCIATION OF  
THE BAR OF THE CITY OF NEW YORK  
IN SUPPORT OF RESPONDENTS**

LEON FRIEDMAN

*Counsel of Record*

LOUIS A. CRACO, JR. Chair

JAMES F. PARVER

JOY BARSON

Committee on Federal Legislation

Association of the Bar of the

City of New York

*Attorneys for Amicus Curiae*

*The Association of the Bar of the*

*City of New York*

42 West 44th Street

New York, New York 10036

(212) 382-6600

**BEST AVAILABLE COPY**

3500

## TABLE OF CONTENTS

	Page
INTEREST OF AMICUS .....	1
SUMMARY OF ARGUMENT .....	2
ARGUMENT	
I.    THE PATENT REMEDY ACT IMPOSES UPON THE STATES THE SAME OBLIGATIONS AND LIABILITIES AS OTHER COMMERCIAL ACTORS .....	4
II.   SECTION 5 OF THE FOURTEENTH AMENDMENT EMPOWERS CONGRESS TO PROTECT THE PATENT RIGHTS OF PERSONS AND CORPORATIONS AGAINST INFRINGEMENT BY THE STATES .....	5
A. The Standard for Measuring Congressional Power under Section 5 .....	6
B. The Patent Remedy Act Provides an Appropriate Remedy for a State's Deprivation of Property without Due process of Law .....	13
1. Patent Rights Can Be Protected Under Section 5 .....	14

2. The Existence of a Theoretical State Remedy Does Not Undermine Congress' Power to Provide for Relief against the States in Federal Court under the Patent Remedy Act	16
C. This Court's Decision in <u>Seminole Tribe</u> Does Not Deprive Congress of the Power to Enact the Patent Remedy Act. . . . .	21
D. The Patent Remedy Act is not Inconsistent With This Court's Holding in <u>City of Boerne</u> . . . . .	25
CONCLUSION . . . . .	29

## TABLE OF AUTHORITIES

CASES	Page
<i>Arnett v. Kennedy</i> , 416 U.S. 134 (1974)	15
<i>Banks v. Block</i> , 700 F.2d 292 (6 <sup>th</sup> Cir. 1983)	16
<i>Barry v. Barchi</i> , 443 U.S. 55 (1979)	15
<i>Bell v. Burson</i> , 402 U.S. 535 (1971)	15
<i>Berg v. Schearer</i> , 755 F.2d 1343 (8 <sup>th</sup> Cir. 1985) . . . . .	16
<i>Board of Regents v. Roth</i> , 408 U.S. 564 (1972) . . . . .	14
<i>Brown v. GSA</i> , 425 U.S. 820 (1976)	28
<i>Burford v. Sun Oil Co.</i> , 319 U.S. 315 (1943)	19
<i>City of Boerne v. Flores</i> , 521 U.S. 507 (1997) . . . . .	3, 11, 12 13, 25, 26
<i>City of Rome v. United States</i> , 446 U.S. 156 (1980) . . . . .	10
<i>Cleveland Bd. of Educ. v. Loudermill</i> , 472 U.S. 532 (1985) . . . . .	15
<i>Colorado River Water Conservation District v. United States</i> , 424 U.S. 800 (1976) . . . . .	19

<i>Davis v. Mansfield Met. Housing Auth.</i> , 751 F.2d 180 (6 <sup>th</sup> Cir. 1984)	16
<i>Fitzpatrick v. Bitzer</i> , 427 U.S. 445 (1976)	22, 23
<i>Goldberg v. Kelly</i> , 397 U.S. 254 (1970)	15
<i>Goss v. Lopez</i> , 419 U.S. 565 (1975)	15
<i>Johnson v. Railway Express Agency</i> , 421 U.S. 445 (1976) . . . . .	28
<i>Katzenbach v. Morgan</i> , 384 U.S. 641 (1966) . . . . .	6, 7, 9, 10
<i>Lassiter v. Northhampton County Bd. of Elections</i> , 360 U.S. 45 (1959)	7
<i>Logan v. Zimmerman Brush Co.</i> 455 U.S. 422 (1982) . . . . .	15
<i>Matthews v. Eldridge</i> , 424 U.S. 319 (1976) . . . . .	15
<i>McCulloch v. Maryland</i> , 4 Wheat. 316 (1819) . . . . .	8
<i>Memphis Light, Gas &amp; Water Division v. Craft</i> , 436 U.S. 1 (1978) . . . .	15
<i>Monroe v. Pape</i> , 365 U.S. 167 (1961)	19
<i>Oregon v. Mitchell</i> , 400 U.S. 112 (1970)	10
<i>Parratt v. Taylor</i> , 451 U.S. 527 (1980)	20

<i>Patterson v. Portch</i> , 853 F.2d 1399 (7 <sup>th</sup> Cir. 1988) . . . . .	14
<i>Perry v. Sindermann</i> , 408 U.S. 593 (1972) . . . . .	15
<i>Seminole Tribe of Florida v. Florida</i> , 517 U.S. 44 (1996) . . . . .	1, 3, 5 21, 22
<i>South Carolina v. Katzenbach</i> , 383 U.S. 301 (1966) . . . . .	12
<i>State of New York v. United States</i> , 326 U.S. 572 (1946) . . . . .	4
<i>Ex part Virginia</i> , 100 U.S. 339 (1879)	11, 24
<i>Williamson County Regional Planning Commission v. Hamilton Bank of Johnson City</i> , 473 U.S. 172 (1985) . . . . .	16, 17
<i>Zinerman v. Burch</i> , 494 U.S. 113 (1990) . . . . .	20
FEDERAL STATUTES	
28 U.S.C. §1338(a) . . . . .	18
28 U.S.C. §1498 . . . . .	27
35 U.S.C. §296(a) . . . . .	5
35 U.S.C. §271(h) . . . . .	5

42 U.S.C. §1973 .....	8
42 U.S.C. §1983 .....	14
Voting Rights Act Amendments of 1970 (Pub. L. NO. 91-285, 84 Stat. 314)	10

#### MISCELLANEOUS

A.C. Pritchard, "Government Promises and Due Process: An Economic Analysis of the New Property," 77 <i>Va. L. Rev.</i> 1053 (1991)...	15
Charles Reich, "The New Property," 77 <i>Yale L. J.</i> 733 (1964). . . .	15
"Symposium: The Legacy of <i>Goldberg v.</i> <i>Kelly</i> , a Twenty Year Perspective," 56 <i>Brook. L. Rev.</i> 731 (1990) . .	15

## BRIEF OF THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK AS AMICUS CURIAE IN SUPPORT OF RESPONDENTS

### INTEREST OF AMICUS<sup>1</sup>

The Association of the Bar of the City of New York (the "Association") is a professional association of approximately 21,000 attorneys. While the majority of its members practice in New York City, the Association has members in nearly every state and in over fifty countries. The Association is chartered to study, address and promote the rule of law and, where appropriate, the reform of the law. The Association, by its Committee on Federal Legislation, has followed with interest the recent development of restrictions on Congressional power to enact legislation in the national interest, including Eleventh Amendment restrictions imposed by this Court's decision in Seminole Tribe of Florida v. Florida, 517 U.S. 44 (1996).

In addition, the Association's Committee on Patents previously prepared a report endorsing and supporting the bill which became the Patent Remedy Act, arguing its position that the Act was within the power of Congress under Section 5 of the Fourteenth Amendment. See "The Eleventh Amendment and State Liability for Patent Infringement," The Record, August, 1992, at p. 947.

---

<sup>1</sup> Pursuant to Rule 37.6, this brief was authored and prepared in its entirety by the Association of the Bar of the City of New York.

With the attached consent of the parties, the Association as amicus curiae respectfully urges the Court to uphold the Patent Remedy Act.

### SUMMARY OF ARGUMENT

The Patent Remedy Act, for the following reasons, is an appropriate exercise of Congressional power.

First, the Act does not impose duties or liabilities on the states beyond those it imposes on private citizens who engage in similar commercial conduct. This Court has repeatedly upheld the power of Congress to subject the States to the same obligations as private actors engaged in commercial activities.

Second, Congress possesses the constitutional power to make the States amenable to patent infringement suits in federal court pursuant to the grant of authority under Section 5 of the Fourteenth Amendment. There is no doubt that Congress expressed its intention to subject the States to the remedies of the Patent Act: that was precisely the purpose of the Patent Remedy Act of 1992. Furthermore, Congress expressly relied on Section 5 when it passed the Remedy Act and stated that it did so to protect the property rights of patent holders. Congress' broad discretionary power under Section 5, which is equivalent to its powers under the necessary and proper clause, permits such action.

Furthermore, patents are plainly "property" within the meaning of the Fourteenth Amendment. Patents are considered intellectual property rights and have been protected by statute since the first days of this nation. The Constitution specifically granted Congress the power to protect the "discoveries" of "inventors" in Art. I, Sect. 8,

cl. 8. Furthermore, this Court has noted that property rights -- the so-called "new property" -- may be established by statute or other legitimate expectations created by government, both state and federal.

Florida's argument that a State does not "deprive" a person of property unless it provides no remedy for infringement in its own courts must be rejected. It is not clear that Florida or any other State provides unequivocally for unconditional relief for patent infringement. Moreover, the available state remedies do include injunctive relief, a crucial component of patent protection.

Furthermore, this Court has held that State remedies should be considered in enforcing the due process clause only in two limited areas, neither of which apply here: (1) eminent domain or inverse condemnation cases where the taking is not complete unless and until just compensation is not available in a State forum and where well-established State procedures exist to value the property taken and; (2) procedural due process cases, where a random and unauthorized act of a State official is examined. Neither applies to the Patent Remedy Act.

This Court's holding in Seminole Tribe does not restrict the power of Congress to enact legislation such as the Patent Remedy Act under Section 5. To so construe Seminole Tribe would grievously and unjustifiably diminish the power of Congress to deter and remedy deprivations of property without due process under the Fourteenth Amendment.

Finally, the Patent Remedy Act vindicates a significant federal interest -- the protection of patents and the uniformity of patent law -- by providing for

congruent, proportionate relief against States that infringe. As such, it comports with the standards this Court established in City of Boerne v. Flores, 521 U.S. 507 (1997).

## **ARGUMENT**

### **POINT I**

#### **THE PATENT REMEDY ACT IMPOSES UPON THE STATES THE SAME OBLIGATIONS AND LIABILITIES AS UPON OTHER COMMERCIAL ACTORS**

At the outset, it must be noted that the Patent Remedy Act simply subjects the States to the same potential liabilities as any other commercial actor which infringes a patent.

This Court has held that, as long as Congress imposes a remedy on all actors engaged in the same activity -- including a State -- it is not unconstitutional. Thus, in State of New York v. United States, 326 U.S. 572, 582 (1946) the Court held that a State could be subject to a federal tax on its activities so long as the State is not subject to taxation "as a State." Id. "[S]o long as Congress generally taps a source of revenue by whomsoever earned and not uniquely capable of being earned only by a State, the Constitution of the United States does not forbid it merely because its incidence falls also on a State." Id. "If Congress makes no . . . differentiation and . . . taxes all vendors . . . alike, whether State vendors or private vendors, it simply says, in effect to a State: 'You may carry out your own notions of social policy in engaging in what is called business, but you

must pay your share in having a nation which enables you to pursue your policy.' " Id.

In the present case, Petitioner, in infringing Respondent's patent, is acting no differently from any other commercial actor, private or State. Because the Patent Remedy Act simply imposes upon the States the same obligations as private citizens or others who allegedly infringe patents, and subjects them to the same remedies, it is within Congress' power and must be upheld.

### **POINT II.**

#### **SECTION 5 OF THE FOURTEENTH AMENDMENT EMPOWERS CONGRESS TO PROTECT THE PATENT RIGHTS OF PERSONS AND CORPORATIONS AGAINST INFRINGEMENT BY THE STATES**

As the Federal Circuit correctly noted below, the inquiry in determining whether Congress has properly abrogated a State's Eleventh Amendment immunity is two-fold: (1) has Congress unequivocally expressed its intent to abrogate immunity; and (2) was the law in question enacted pursuant to a constitutional grant of power? 148 F.3d at 1347. See Seminole Tribe, 517 U.S. at 55.

Plainly, Congress intended to abrogate State immunity under the Eleventh Amendment when it passed the Patent Remedy Act. Indeed, that was its primary purpose. As the Federal Circuit noted: ". . . the Patent Remedy Act is replete with language sufficient to satisfy this requirement [of clearly expressed intent]." 148 F.3d

at 1347. Section 271(h) of Title 35 states that “. . . the term ‘whoever’ includes any State, any instrumentality of the State. . . .” See 35 U.S.C. §296(a), which unequivocally sets forth Congress’ intent to abrogate the States’ Eleventh Amendment immunity.

Moreover, the Patent Remedy Act was a proper exercise of Congressional power under Section 5, because, as the court below recognized, that section is the “solitary legislative tool that the Supreme Court has recognized to enforce the substantive provisions of the Fourteenth Amendment.” Id. at 1348.

A. The Standard for Measuring Congressional Power Under § 5.

Section 5 of the 14th Amendment states: “The Congress shall have power to enforce, by appropriate legislation, the provisions of this article.” This Court has made clear that Congress has the power to utilize this provision to pass specific legislation to insure that the rights enumerated in the Fourteenth Amendment are given appropriate and expansive protection. To accomplish this result, the Congressional power must be construed as broadly as it could be under the Necessary and Proper clause. This Court explained:

By including Section 5, the draftsman sought to grant to Congress, by a specific provision applicable to the Fourteenth Amendment, the same broad powers expressed in the Necessary and Proper Clause.

Katzbach v. Morgan, 384 U.S. 641, 650 (1966).

Congress may deem it necessary to add specific statutory guarantees to the broad language of the rights contained in Section 1 of the Amendment:

[i]t is the power of Congress which has been enlarged [by §5]. Congress is authorized to enforce the prohibitions by appropriate legislation. Some legislation is contemplated to make the amendments fully effective. Id. at 648.

To eliminate any lingering doubt over the true intent of Section 5, Justice Brennan, writing for the Court and citing the legislative history of the Amendment, reasoned in Morgan:

[e]arlier drafts of the proposed Amendment employed the “necessary and proper” terminology to describe the scope of congressional power under the Amendment . . . The substitution of the “appropriate legislation” formula was never thought to have the effect of diminishing the scope of this congressional power. Id., fn. 9.

In Lassiter v. Northampton County Board of Elections, 360 U.S. 45 (1959), a case decided prior to Katzbach, an African-American citizen challenged the constitutionality of North Carolina's voter literacy test. The test was required of all persons registering to vote, irrespective of race. Id., at 46. This Court upheld the test because it could not infer that the law was a racially discriminatory “device” forbidden by the Fifteenth Amendment, id. at 53.

Six years later, Congress passed the Voting Rights Act of 1965, which states: "[n]o voting qualification or prerequisite to voting, or standard, practice or procedure shall be imposed or applied by any State or political subdivision to deny or abridge the right of any citizen of the United States to vote on account of race or color." See 42 U.S.C. § 1973 *et seq.* This provision was specifically designed to prohibit the use of literacy tests, such as those upheld in Lassiter.

In Katzenbach v. Morgan, this Court had to consider whether the additional provisions in the Voting Rights Act, which prohibited a specific practice upheld in Lassiter, was within Congress' powers under Section 5. That case challenged Section 4(e) of the Voting Rights Act, which prohibited the State of New York from enforcing a voter English literary test, effectively preventing a sizeable portion of the Puerto Rican community from exercising the franchise. After a thorough analysis of Congress' powers under Section 5, this Court clearly found such use of Congressional power to be proper, despite Lassiter.

Justice Brennan analyzed what constitutes "appropriate legislation" under Section 5 according to the "classic formulation of the reach of those powers [as] established by Chief Justice Marshall in McCulloch v. Maryland." See Katzenbach, 384 U.S. at 650. The standard is: "Let the end be legitimate, let it be within the scope of the constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the constitution, are constitutional," McCulloch v. Maryland, 4 Wheat. 316, 421, 4 L.Ed. 579. Congress found the Voting Rights Act to be necessary to remedy past discrimination and societal subjugation of the Puerto

Rican community. In this situation, Justice Brennan wrote:

It was for Congress, as the branch that made this judgment, to assess and weigh the various conflicting considerations...It is not for us to review the congressional resolution of these factors. It is enough that we be able to perceive a basis upon which the Congress might resolve the conflict as it did.

Katzenbach, 384 U.S. at 653.

It was irrelevant that this Court had previously determined in Lassiter that the Fourteenth Amendment in its own terms did not outlaw literacy tests. Justice Brennan explained:

Thus our task is not to determine whether the New York English literacy requirement . . . violates the Equal Protection Clause [of the Fourteenth Amendment by its own terms]. Accordingly, our decision in Lassiter . . . sustaining the North Carolina English literacy requirement, as not in all circumstances prohibited by the first sections of the Fourteenth and Fifteenth Amendments, is inapposite.

Katzenbach, 384 U.S. at 649.

The question, rather, was whether the particular exercise of power was within the broad grant of Section 5, not whether the Court would have reached the same decision in the absence of the legislation.

Since Congress undertook to legislate so as to preclude the enforcement of the state law, and did so in the context of a general appraisal of literacy requirements for voting...to which it brought a specially informed legislative competence, it was Congress' prerogative to weigh these competing considerations. Here again, it is enough that we perceive a basis upon which Congress might predicate a judgment that the [New York literacy test] constituted an invidious discrimination in violation of the Equal Protection Clause.

Katzenbach, 384 U.S. at 655-656, 658.

Katzenbach is still the law today and the core of the decision -- that Congress' power under Section 5 is to be interpreted as broadly as any of its legislative powers under the necessary and proper clause -- controls this case. "It was for Congress, as the branch that made this judgment, to assess and weigh the various conflicting considerations [in protecting the due process clause]." It was not the role of the courts "to review the congressional resolution of these factors. It is enough that we be able to perceive a basis upon which the Congress might resolve the conflict as it did." Id.

This Court has never strayed from that holding. In Oregon v. Mitchell, 400 U.S. 112 (1970), this Court examined and upheld the constitutionality of various provisions of the Voting Rights Act Amendments of 1970 (Pub. L. No. 91-285, 84 Stat. 314, 315 (1970)). It broadly upheld a five-year nationwide ban on literacy tests, but there was a divided vote on a provision which lowered the

voting age to eighteen in both federal and state elections. The Court once again broadly interpreted the breadth of Congressional power under Section 5.

This Court's decision in City of Rome v. United States, 446 U.S. 156 (1980), also accepted the broad holding in Katzenbach. In City of Rome, a city challenged a provision of the Voting Rights Act which required any new voting regulations to be pre-approved by the Attorney General or a three-judge federal district court in the District of Columbia. This Court upheld the provision and ruled against the city in determining that the proposed voter qualification changes had a "discriminatory effect." Id. at 172. City of Rome recognized "Congress' broad power to enforce the Civil War Amendments" and, citing Katzenbach, stated: "[l]egislation enacted under authority of § 5 of the Fourteenth Amendment would be upheld so long as the Court could find that the enactment 'is plainly adapted to [the] end' of enforcing the Equal Protection Clause and 'is not prohibited by but is consistent with the letter and spirit of the constitution', regardless of whether the practices outlawed by Congress in themselves violated the Equal Protection Clause." Id.

This Court recently reconfirmed the broad power of Congress to enforce Section 5 in City of Boerne v. Flores, 521 U.S. 507 (1997):

All must acknowledge that § 5 is "a positive grant of legislative power" to Congress, Katzenbach v. Morgan, 384 U.S. 641, 651, 86 S.Ct. 1717, 1723, 16 L.Ed.2d 828 (1966). In Ex parte Virginia, 100 U.S. 339, 345-346, 25 L.Ed. 676 (1879), we explained the scope of Congress' § 5 power in the following broad terms:

"Whatever legislation is appropriate, that is, adapted to carry out the objects the amendments have in view, whatever tends to enforce submission to the prohibitions they contain, and to secure to all persons the enjoyment of perfect equality of civil rights and the equal protection of the laws against State denial or invasion, if not prohibited, is brought within the domain of congressional power."

In City of Boerne, this Court reaffirmed the broad principles of Katzenbach:

Legislation which deters or remedies constitutional violations can fall within the sweep of Congress' enforcement power even if in the process it prohibits conduct which is not itself unconstitutional and intrudes into "legislative spheres of autonomy previously reserved to the States." Fitzpatrick v. Bitzer, 427 U.S. 445, 455 (1976). For example, the Court upheld a suspension of literacy tests and similar voting requirements under Congress' parallel power to enforce the provisions of the Fifteenth Amendment, see U.S. Const., Amdt. 15, § 2, as a measure to combat racial discrimination in voting, South Carolina v. Katzenbach, 383 U.S. 301, 308, (1966), despite the facial constitutionality of the tests under Lassiter

v. Northampton County Bd. of Elections, 360 U.S. 45 (1959). We have also concluded that other measures protecting voting rights are within Congress' power to enforce the Fourteenth and Fifteenth Amendments, despite the burdens those measures placed on the States. South Carolina v. Katzenbach, supra (upholding several provisions of the Voting Rights Act of 1965); Katzenbach v. Morgan, supra (upholding ban on literacy tests that prohibited certain people schooled in Puerto Rico from voting); Oregon v. Mitchell, . . . (upholding 5-year nationwide ban on literacy tests and similar voting requirements for registering to vote); City of Rome v. United States, . . . (upholding 7-year extension of the Voting Rights Act's requirement that certain jurisdictions preclear any change to a " 'standard, practice, or procedure with respect to voting' ").

City of Boerne, 517 U.S. at \_\_\_\_.

Giving appropriate deference to the legislative judgment of Congress in passing the Patent Remedy Act, as this Court's precedents require, it is clear that the Patent Remedy Act is constitutional.

B. The Patent Remedy Act Provides an Appropriate Remedy for a State's Deprivation of Property Without Due Process of Law.

Petitioner argues that the Patent Remedy Act is not an appropriate remedy under Section 5 of the

Fourteenth Amendment because: (1) a patent is not "property" which can be protected by Section 5; and (2) a State does not deprive a person of property without due process of law if it affords some redress under its own laws. Neither contention can be upheld.

### 1. Patent Rights Can Be Protected Under Section 5.

Petitioner argues that Congress cannot create a property right utilizing its Article I power since such an approach would provide a direct "end-run" around the restrictions established in Seminole Tribe. Pet. Br. at 16-17. Florida argues that Congress may not create a "property" interest under Article I and then provide for a remedy against the States under § 5. Such an approach, Petitioner argues, would nullify the limitations Seminole Tribe establishes.

Petitioner misconceives this Court's decisions concerning the definition of "property" under the due process clause. In its decisions interpreting 42 U.S.C. § 1983, this Court has noted the broad definition of "property" protected by the due process clause. "Property interests, of course, are not created by the Constitution. Rather they are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law." Board of Regents v. Roth, 408 U.S. 564, 577 (1972) (*emphasis added*). The Court further explained: "[t]o have a property interest in a benefit, a person clearly must have more than an abstract need or desire for it. He must have more than a unilateral expectation of it. He must, instead, have a legitimate claim of entitlement to it. . . ." Circuit Judge Posner has explained: "Property under the due process clause is any interest to which a government has given someone an entitlement," Patterson v. Portch, 853 F.2d 1399, 1405

(7th Cir. 1988). The "government" may be state, local or federal.

The notion that States may create property rights by legislation or regulation, but Congress may not do so is untenable. This Court has recognized a property right in a government job created by state statutes, Cleveland Bd. of Educ. v. Loudermill, 472 U.S. 532 (1985) and Logan v. Zimmerman Brush Co., 455 U.S. 422 (1982) or by *de facto* tenure rules, Perry v. Sindermann, 408 U.S. 593 (1972). Property rights to a driver's license can be created by state law, see Bell v. Burson, 402 U.S. 535 (1971), as can a property right to a horse trainer's license, see Barry v. Barchi, 443 U.S. 55 (1979), a right to utility service, see Memphis Light, Gas & Water Division v. Craft, 436 U.S. 1 (1978) and the right to a public education, see Goss v. Lopez, 419 U.S. 565 (1975).

Florida's assertion that there is something illegitimate in Congress' creation of "property" rights utilizing its Article I powers is further undercut by many decisions of this Court and the lower federal courts. Indeed, that was the specific holding of this Court in the landmark case of Goldberg v. Kelly, 397 U.S. 254 (1970). This statutory creation of "new property" rights to government benefits has been one of the earmarks of constitutional jurisprudence in this century<sup>2</sup>. See also Arnett v. Kennedy, 416 U.S. 134 (1974) (right to federal civil service position created by federal law, subject to

<sup>2</sup> See Charles Reich, "The New Property," 73 Yale L. J. 733 (1964). See also A.C. Pritchard, "Government Promises and Due Process: An Economic Analysis of the 'New Property,'" 77 Va. L. Rev. 1053 (1991). See also "Symposium: The Legacy of Goldberg v. Kelly, a Twenty Year Perspective," 56 Brook. L. Rev. 731 (1990).

procedural limitations in that law); Matthews v. Eldridge, 424 U.S. 319 (1976)(property right created by federal law providing for disability benefits)<sup>3</sup>.

Petitioner's suggestion that state law can create constitutionally-protected property rights to a government job, a driver's license, a horse trainer's license, utility services or a public education, while Congress -- specifically charged by the Constitution with promoting the useful arts and sciences -- may not create a constitutionally protected property right in a patent, is absurd. As the Federal Circuit noted in its decision below, a patent has been considered "property" throughout our history. See 148 F.3d at 1349-50 and cases cited therein. Patents are "intellectual property" and are subject to the same protections as any other property interest.

2. The Existence of a Theoretical State Remedy Does Not Undermine Congress' Power to Provide for Relief against the States In Federal Court under the Patent Remedy Act.

Florida next argues that, even if a patent is considered a property right, it has not "deprived" a patent owner of its property right so long as it affords some remedy in its own courts for any infringement: "...

<sup>3</sup> Lower federal courts have also recognized constitutionally protected property rights created by federal law creating an entitlement to low-income housing, see Davis v. Mansfield Met. Housing Auth., 751 F.2d 180 (6th Cir. 1984); food stamps, see Banks v. Block, 700 F.2d 292 (6th Cir. 1983); refugee payments, see Banks v. Block, 700 F.2d 292 (6th Cir. 1983) and unemployment benefits, see Berg v. Shearer, 755 F.2d 1343 (8th Cir. 1985).

patentees should be required to exhaust the available state remedies before any due process violation can be found," citing this Court's decision in Williamson County Regional Planning Comm'n v. Hamilton Bank of Johnson City, 473 U.S. 172 (1985) (Pet. Br. at 29.).

The eminent domain or inverse condemnation cases decided by this Court do not support Florida's argument. In Williamson, this Court dealt with an issue not present in a patent infringement case, namely whether an initial land use decision still subject to later administrative review constituted a "taking" for which just compensation must be then awarded. This Court held that until all the administrative reviews of the initial decision were made, there was no final "taking" of the property. This Court explained:

As in Hodel, Agins, and Penn Central, then, respondent has not yet obtained a final decision regarding how it will be allowed to develop its property. Our reluctance to examine taking claims until such a final decision has been made is compelled by the very nature of the inquiry required by the Just Compensation Clause. Although "[t]he question of what constitutes a 'taking' for purposes of the Fifth Amendment has proved to be a problem of considerable difficulty," [citations omitted] this Court consistently has indicated that among the factors of particular significance in the inquiry are the economic impact of the challenged action and the extent to which it interferes with reasonable investment-backed expectations. . . . these factors simply

cannot be evaluated until the administrative agency has arrived at a final, definitive position regarding how it will apply the regulations at issue to the particular land in question.

473 U.S. at 190-91.

This Court also noted:

Similarly, if a State provides an adequate procedure for seeking just compensation, the property owner cannot claim a violation of the Just Compensation Clause until it has used the procedure and been denied just compensation.

473 U.S. at 195.

Florida laws do not provide an "adequate procedure for seeking just compensation." Petitioner cites a single Florida case discussing the possibility of a "just compensation" claim in state court for patent infringement. This hardly meets the Williamson test. As the Federal Circuit noted below, the strong preemption language in 28 U.S.C. §1338(a) granting federal district courts exclusive jurisdiction of patent cases — "[s]uch jurisdiction shall be exclusive of the courts of the states in patent. . . cases" -- controls, undermining the idea that state courts may entertain such cases. See 148 F.3d at 1350, n. 2. Moreover, Florida does not even try to argue that any significant portion of the other forty-nine states provide eminent domain remedies for patent cases.

Nor does a "just compensation" remedy in State court substitute for one of the most important federal

remedies for patent infringement -- an injunction against further use of the infringing product. To obtain complete relief under the regime argued for by Florida, a patentee would have to bring an Ex parte Young injunctive action against a state official in federal court while also seeking damages in state court for past infringement. Such parallel proceedings -- with their potential for inconsistent adjudications concerning the scope of the same patent -- hardly satisfy the "adequate procedure" requirement specified in Williamson.

Third, such a scheme would undermine one of the most important policies of patent protection in the nation -- uniformity of patent protection in federal court and, in particular, appeal of patent cases to the Federal Circuit. Under Florida's plan there would be 51 different interpretations of the Patent Law (50 State laws plus the law developed in the Federal Circuit), with this Court constantly having to resolve the many conflicting interpretations of the Patent Act that would inevitably result.

From Monroe v. Pape, 365 U.S. 167 (1961) to the present, with two limited exceptions discussed below, the adequacy of a state remedy has never been a consideration in determining whether a Congressional remedy for a constitutional violation must await state exhaustion. This Court noted in Monroe that the intent of Section 1983 was "to provide a federal remedy where the state remedy, though adequate in theory, was not available in practice." 365 U.S. at 174.

The first exception is in the inverse condemnation cases cited above, where well-established state procedures exist for making eminent domain valuation determinations, and federal court interference would upset

a well-settled state scheme. See, e.g., Burford v. Sun Oil Co., 319 U.S. 315 (1943) and Colorado River Water Conservation District v. United States, 424 U.S. 800, 814 (1976) (suggesting that eminent domain procedures or land use decisions are viewed as a matter of predominant state concern especially since special state procedures are in place to make public need determinations, valuations or zoning decisions).

The second exception established by this Court in Parratt v. Taylor, 451 U.S. 527 (1980) and Zinermon v. Burch, 494 U.S. 113 (1990). This Court held in Zinermon that if a state deprives a person of a property right without any hearing, the constitutional deprivation is complete and a federally-established remedy can then be imposed: "the Court usually has held that the Constitution requires some kind of a hearing before the State deprives a person of liberty or property," 494 U.S. at 127. In exceptional cases, however, "the Court has held that a statutory provision for a postdeprivation hearing, or a common-law tort remedy for erroneous deprivation, satisfies due process." Id. at 128. Such an alternate state remedy satisfies due process only for "random, unauthorized" acts perpetrated by a state official without state authority, and "which the State was not in a position to predict or avert" before it occurred. Id.

In this case, the responsible state officials operating the Florida Prepaid investment program for students seeking to fund the cost of Florida public colleges and universities chose to infringe College Savings Bank's patent as part of its regular program of providing services to Florida students and continued the infringement after being notified of the violation. The steps were allegedly taken by the responsible officials of the program in full conformity with State law. In no sense

could they be considered "random, unauthorized acts" triggering the Parratt or Zinermon exception.

Since patent rights are property rights protected by the Constitution and the proposed "remedy" for infringement in state courts is illusory or inadequate, the remedy provided for by Congress in the Patent Remedy Act, to which the greatest deference must be paid, must be upheld.

C. This Court's Decision in Seminole Tribe Does Not Deprive Congress of the Power to Enact the Patent Remedy Act.

Despite these well-settled principles, Petitioner contends that the Eleventh Amendment precludes Congress from exercising its power under § 5 to remedy or prevent a State's due process violation if that violation involves a State's deprivation of property, such as a patent, created by Congress under its Article I powers. (Pet. Br. 11, 17-19). That result, Petitioner contends, flows necessarily from the holding of Seminole Tribe of Florida v. Florida, 517 U.S. 44, 72-73 (1996). According to Petitioner, because Seminole Tribe holds that Congress' Article I powers are subject to the limitations imposed by the later-adopted Eleventh Amendment, the Eleventh Amendment must also limit Congress' power to abrogate States' Eleventh Amendment immunity to protect federally created property rights such as patents. Thus, Congress cannot exercise its power under Section 5 of the Fourteenth Amendment to abrogate States' Eleventh Amendment immunity if such action is undertaken to protect a property right created by Congress under Article I. Any other result, according to Petitioner, would amount to an "end-run" around Seminole Tribe (Pet. Br. 11, 17 n.6 & 17-19).

Petitioner misreads Seminole Tribe and misunderstands the relationship between the Eleventh Amendment and Congress' powers under Article I and Section 5. Petitioner ignores the well-settled principle that "through the Fourteenth Amendment, federal power extended to intrude upon the province of the Eleventh Amendment" and that Congress has the power under Section 5 of the Fourteenth Amendment to abrogate States' Eleventh Amendment immunity, even though it does not have that power under Article I. See Seminole Tribe, 517 U.S. at 59; Fitzpatrick, 427 U.S. at 454-56. In the same way that the Eleventh Amendment, adopted after Article I, limits Congress' power under Article I, the Fourteenth Amendment, adopted after the Eleventh Amendment, empowers Congress to limit the effect of the Eleventh Amendment.

Seminole Tribe did not change this well-settled principle. Rather, it held only that Congress did not have the power under the Indian Commerce Clause, Art. I, §8, cl. 3, to abrogate the States' Eleventh Amendment immunity. See 517 U.S. at 47 ("[w]e hold that notwithstanding Congress' clear intent to abrogate the States' sovereign immunity, the Indian Commerce Clause does not grant Congress that power"). Nowhere did this Court suggest that Congress' power under Section 5 could not be invoked if a State has deprived, without due process of law, a citizen of property created by Congress under its Article I powers.

Indeed, Seminole Tribe involved no claim that Congress' abrogation of the States' immunity there had been effected pursuant to its power under Section 5, or that Congress was seeking to remedy any due process violation. The Court expressly distinguished the exercise

of Congressional power that it found to be unconstitutional -- namely Congress' use of its Article I power to abrogate the States' Eleventh Amendment immunity -- from the exercise of Congressional power presented here -- Congress' abrogation of such immunity under Section 5. This Court explained:

Fitzpatrick was based upon a rationale wholly inapplicable to the Interstate Commerce Clause, viz., that the Fourteenth Amendment adopted well after the adoption of the Eleventh Amendment and the ratification of the Constitution, operated to alter the pre-existing balance between state and federal power achieved by Article III and the Eleventh Amendment.

517 U.S. at 65-66.

Thus, although Seminole Tribe holds the Eleventh Amendment forbids Congress from abrogating States' sovereign immunity through the exercise of Congress' Article I power, it expressly preserves Congress' power to do so under the later-adopted Section 5.

In Fitzpatrick [427 U.S. 445], we recognized that the Fourteenth Amendment, by expanding federal power at the expense of state autonomy, had fundamentally altered the balance of state and federal power struck by the Constitution.... We held that through the Fourteenth Amendment, federal power extended to intrude upon the province of the Eleventh Amendment and therefore

that §5 of the Fourteenth Amendment allowed Congress to abrogate the immunity from suit guaranteed by that Amendment.

517 U.S. at 59.

As further explained in Fitzpatrick v. Bitzer, 427 U.S. 445 (1976):

The prohibitions of the Fourteenth Amendment are directed to the States, and they are to a degree restrictions of State power. It is these which Congress is empowered to enforce . . . . Such enforcement is no invasion of State sovereignty."

Id. at 454, quoting Ex parte State of Virginia, 100 U.S. 339 (1879).

Thus, the States cannot "deny to the general government the right to exercise all its granted powers, even though they may interfere with the full enjoyment of rights [the States] would have if those powers had not been thus granted." 427 U.S. at 454-55, quoting Ex parte State of Virginia.

Moreover, as this Court stated in Fitzpatrick:

we think that the Eleventh Amendment, and the principle of state sovereignty which it embodies [citation omitted] are necessarily limited by the enforcement provisions of §5 of the Fourteenth Amendment . . . . We think that Congress

may, in determining what is "appropriate legislation" for the purpose of enforcing the provisions of the Fourteenth Amendment, provide for private suits against States or state officials which are constitutionally impermissible on other contexts.

427 U.S. at 456.

There is, therefore, no merit to Petitioner's lament that to permit the Fourteenth Amendment to "be used to enforce Article I property interests such as patents because the later-enacted Fourteenth Amendment limits the Eleventh Amendment's scope" or that such a rule "would mean that the Eleventh Amendment will always give way." (Pet. Br. 11).

Indeed, adoption of Petitioner's argument would engraft onto the Fourteenth Amendment a radical limitation that appears nowhere in its text and is not supported or required by Fourteenth Amendment, or even Eleventh Amendment, jurisprudence.

Section 5, in sum, grants Congress broad power to abrogate the States' Eleventh Amendment immunity where, as here, it seeks to remedy or prevent a Fourteenth Amendment due process violation. See City of Boerne v. Flores, 117 S. Ct. at 2163 (Section 5 gives Congress the power to enforce the provisions of the Fourteenth Amendment, which "include the Due Process Clause"); Seminole Tribe, 517 U.S. at 59. That is precisely what Congress has done here.

D. The Patent Remedy Act is Not Inconsistent with this Court's Holding in City of Boerne.

The Patent Remedy Act does not offend this Court's ruling in City of Boerne v. Flores, 521 U.S. 507 (1997). City of Boerne simply requires that there be a proportionality between the injury to be prevented and the means adopted to that end. Id. at \_\_\_\_\_. The Patent Remedy Act plainly satisfies that test.

The end to be achieved by the Patent Remedy Act is one with which the Constitution itself specifically charges Congress – the promotion of the “Progress of Science and the useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const., Art. I, § 8. As the Court below noted in its survey of the Act's legislative history, there is ample basis from which Congress might reasonably determine that infringement of private patents by the States is today, and will increasingly become, a threat to the security of the patent system. See 148 F.3d at 1353-55 and authorities cited therein.

Moreover, the means the Patent Remedy Act prescribes are, as City of Boerne requires, clearly congruent with this legitimate end. As noted in Point I, supra, the Act simply subjects the States to the same obligations as federal law imposes on any commercial actor – the duty to answer in federal court for alleged acts of infringement and, where it is found to have infringed, to make the patentee whole through the bundle of remedies generally available against infringers. As the Federal Circuit correctly noted below, the remedies to which the Patent Remedy Act subjects the States are

“modest and circumscribed,” 148 F.3d at 1355. The Act merely provides a means to hold States accountable for unlawful acts committed in the course of their commercial activities. The Act will rarely, if ever, expose States to liability for their governmental functions.

Petitioner nonetheless contends that to subject it to treble damages, lost profits, and attorney's fees violates the standard set forth in City of Boerne. 521 U.S. at \_\_\_\_; Pet. Br. At 32. In a strained effort to liken the Patent Remedy Act to the Religious Freedom Restoration Act struck down in City of Boerne, Petitioner contends that if it were subject to those penalties, every aspect of its governmental activities would be disrupted. Pet. Br. at 33, 35.

That is absurd. As this Court noted in City of Boerne, the RFRA's “sweeping coverage insured its intrusion at every level of government, displacing laws and prohibiting official actions of almost every description, regardless of subject matter.” 521 U.S. at \_\_\_\_\_. The only conduct by a state the Patent Remedy Act would disrupt, by contrast, is patent infringement. The Patent Law exists to disrupt such conduct, whether by private or state actors. Patent infringement, moreover, generally requires purposeful conduct. Petitioner's suggestion that the Patent Remedy Act threatens to empty state treasuries by judgements arising from the inadvertent actions of state officials defies common sense.

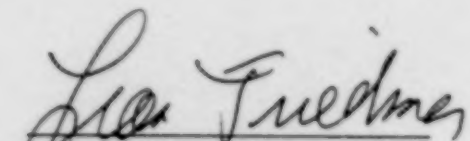
Petitioner also contends that the means the Patent Remedy Act employs to redress State patent infringement are disproportionate because the federal government has limited its liability to compensatory damages and, in limited circumstances, attorneys' fees. 28 U.S.C. § 1498(a).

This argument is meritless. It is well-settled that the federal sovereign may exempt itself from liability, or restrict such liabilities, without extending the exemption or restriction beyond itself. Compare Brown v. General Services Administration, 425 U.S. 820, 833 (1976)(Civil Rights Act of 1964 provides exclusive remedy for discrimination in federal employment) with Johnson v. Railway Express Agency, 421 U.S. 445, 454 (no exclusivity of remedy in context of discrimination in private employment). Moreover, nothing in City of Boerne suggests that the proportionality of the means by which a federal statute remedies violations of the Fourteenth Amendment is to be measured with reference to the scope of the federal government's waiver of its own immunity.

### CONCLUSION

Petitioners ask this Court to construe the Constitution in a manner that would allow the States to infringe patents at will, without fear of accountability in the federal courts. In the process, they ask this Court to lessen the force of the Fourteenth Amendment and to diminish federal power dramatically to enforce its terms. Such a ruling would gravely undermine the balance of federal and State power which that provision was designed to accomplish. This Court should decline this invitation, and should uphold the Patent Remedy Act.

Dated: New York, N.Y.  
March 22, 1999



Leon Friedman  
Counsel of Record  
For Amicus Curiae  
Association of the Bar of  
The City of New York  
42 West 44<sup>th</sup> Street  
New York, N.Y. 10036  
(212) 382-6600  
Louis A. Craco, Jr. Chair  
James F. Parver  
Joy Barson  
Committee on Federal  
Legislation